

**VIA ONLINE SUBMITTAL**

Public Service Commission of Wisconsin
P.O. Box 7854
Madison, WI 53707-7854

Re: Request of Republik Madison Apartments LLC for Waiver of Individual Electric Meter Requirements under Wis. Admin. Code § PSC 113.0803

Dear Public Service Commission staff and members,

Republik Madison Apartments LLC is the owner of a property located at 3917 Lien Road in Madison, which used to be the Madison Plaza Hotel (old address of 3841 E Washington). We purchased the hotel property in March 2022 after its use for homeless housing during the COVID pandemic and have worked diligently over the past year and a half to secure the necessary City approvals and permits to convert the hotel and its rooms into workforce housing. We are currently mid-construction in our renovation. Our construction must be completed, and we must have occupancy, in March of 2024 to fulfill obligations to our project lender.

We have worked hard to create and implement a plan for renovating the hotel in a manner to keep costs and rents lower than what Madison is seeing in new construction multi-family projects. The goal for this project was and is to provide workforce housing in Madison and to help address the growing gap in available housing, including between those who qualify for subsidized affordable or low-income (LIHTC) housing, and those that can afford homes and luxury apartments. This project is intended to provide rents that those making at or below the Madison area median income would consider affordable.

We recently learned about Wis. Admin. Code PSC §113.0803 from MG&E. Prior to that, neither we, our consultants, nor our contractors were aware of the separate metering requirements under the Commission's administrative rules that apply to the utility company (and which are not referenced in the State building code to our knowledge). We have proceeded with construction of the building renovation based on and in reliance on advice from both the permitting jurisdiction (the City of Madison) and our project team – that because our renovation involves less than 50% of the floor area of the building, separate metering is not required. We have also been advised the International Existing Building Code (which we understand has been adopted by Wisconsin with some amendments under Wis. Admin. Code SCS Ch. 361 to 366) classifies our project as a Level 2 alteration, which does not require the project to have separate meters. As a Level 2 alteration, it is our understanding our renovation project is subject to an exemption under the International Energy Conservation Code (IECC), including the companion provision in the Wisconsin building code, requiring separate meters for each dwelling unit (under C405.5).

Separately metering each of the 190 units is not merely a matter of procuring and installing meter banks, wiring and other equipment. Indeed, while the direct material and labor costs are significant – estimated at approximately One Million Dollars – the indirect costs that would result from this metering requirement at this juncture are most severe. More specifically, this would result in: (1) the sudden stalling of a project mid-construction to re-engineer the building's electrical system and MG&E's service connection; (2) the scrapping of considerable electrical work already completed; (3) damage to finished rooms and corridors that have already been refinished to re-access electrical infrastructure; and (4) an extended delay to obtain service equipment and complete the meter installation, which period would commence only after the electrical design is re-engineered and all required equipment is identified and ordered. During this period of limbo, we would incur over one hundred thousand per month in carrying costs, primarily interest, and have no revenue to offset any of it. Lastly,



it would result in our breaching our construction loan, which matures in March 2024. In total, the consequential costs and impacts would be several million dollars at a minimum. The result would be catastrophic, and it puts us and the project in jeopardy.

We ask the PSC to consider this letter as a request for a waiver of Wis. Admin. Code PSC 113.0803. Under PSC 113.0803(5), the Commission may grant a waiver for reasonable cause shown, on a case-by-case basis. In addition, the PSC has authority to grant an exception under PSC 113.01(2) for exceptional situations, like the situation existing here. Application of the rule in a circumstance like this would have the effect of preventing the adaptive reuse of existing buildings because implementing the rule is both technically challenging and cost prohibitive. This, in turn, creates missed opportunities to address the growing housing crisis in Madison and the State of Wisconsin in an efficient and environmentally sound manner.

The Wisconsin building code reflects this desire to encourage adaptive reuse and allows for a slightly more accommodating set of rules in projects that are working with a building that already exists. Our current plan makes the building significantly more energy efficient than it was previously while still creating a viable project. Every part of the building that we touch will be more efficient than it was prior to renovation, and we have made every effort to implement more energy efficient methods into the building. The property will feature:

- Light-emitting diode (LED) lighting throughout the building and in all apartments. The previous incandescent and compact fluorescent fixtures are being replaced with LED fixtures. LEDs are the most energy efficient solution, using up to 90% less energy than traditional bulbs.
- Energy Star Rated appliances installed in each apartment.
- A shared laundry facility with Energy Star Rated appliances will be offered to tenants and will replace the 1980's commercial hotel laundry.
- New, efficient HVAC equipment in the apartments. 25-year-old electric resistance PTACs are being replaced with a modern, energy-efficient heat pump model.
- The current electrical design will still allow for each unit to have its own dedicated means of overcurrent protection and disconnection.
- The Electric utility bill will be paid for by us, the property owner/landlord, and:
 - Republik will pay for the tenants' utility service, and electricity costs will be included in the rent.
 - Republik will not resell energy to tenants.
 - Republik will not disconnect tenants for nonpayment.

For the reasons stated above, we respectfully request the Commission grant a waiver from the separate metering requirements of PSC 113.0803 for this project, so that it may proceed to completion and provide for much-needed workforce housing in Madison through adaptive reuse of an existing building. Please feel free to contact us should you have any questions or need any additional information.

Morgan Van Riper-Rose

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cc: Angie Black & Dan O'Callaghan, Carlson Black O'Callaghan & Battenberg, LLP (via email)